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STATE BUDGETS: MORE PAIN TO COME

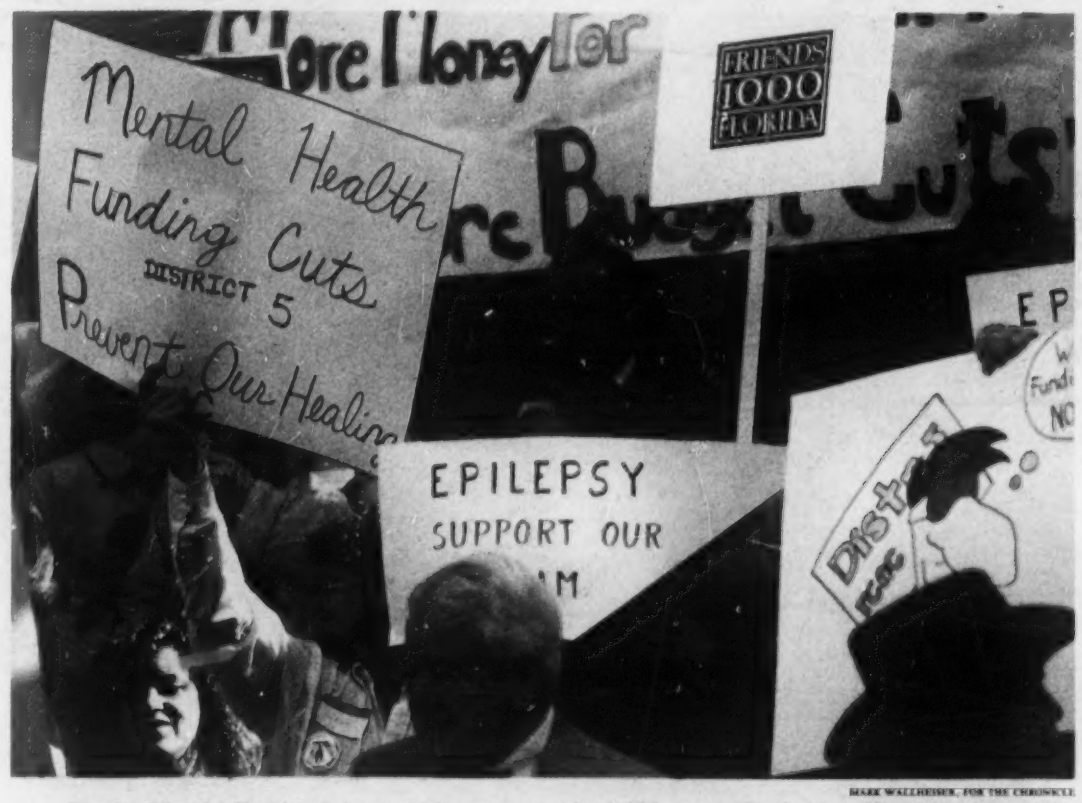
Still reeling from previous cuts, charities fear that governments will pay them less, tax them more

By ELIZABETH GREENE and BRUCE MILLAR

EVEN AS MANY non-profit organizations try to cope with deep reductions in state budgets for the current year, they face a new round of proposals that threaten to cause more pain.

What's more, some states are considering proposals that would force certain non-profits—or the people they serve—to pay new taxes on activities, services, and properties that were previously exempt. (See story on Page 23.)

As the recession continues, social-services and arts groups worry that they will have to deal with deep reductions in grants and contracts they receive from the states. Non-profits that serve poor people are concerned not only about potential cuts in state support for their own operations, but about proposals that would slash direct state support for the needy—and cause the demand for charities' services to soar.



MARK WALLHEISER, FOR THE CHRONICLE

The Coalition for Florida's Future, which represents about 100 non-profits, held a rally on the steps of the state capitol to urge legislators to approve big increases in state support for health and human services.

"The effects of the recession are only exacerbated by the state cuts in human services," says Lynda E. Meade, the director of social concerns for Associated Catholic Charities of the Archdiocese of Baltimore and a spokeswoman for the Maryland Alliance for the Poor. "More and more people are flocking to social services. We are seeing that everywhere."

Many state officials say they have no choice. Record deficits, they say, are forcing them to make painful, long-term spending cuts, instead of relying on the quick-fix solutions they used in the past, such as furloughs and freezes on travel for state employees.

The National Association of State Budget Officers estimates that at least 28 states face deficits in the current fiscal year (see map on Page 23). At least nine states are considering cuts in Aid to Families with Dependent Children, the basic state and federal support for poor families.

Some non-profit officials say they recognize that support for their services will have to be reduced along with other state budget-cutting measures. At this point, they say, they are trying to preserve as much as possible under the dire circumstances.

"We know that there's not enough money," says Ilene D. Margolin, associate executive vice-president for operations for FEGS, a New York non-profit that provides job training and placement for low-income people, programs for the mentally ill and mentally retarded, and other services. "The revenues are down. The economy is in bad shape."

While she understands the need for reductions in state budget aid to her organization, she says, "understanding doesn't mean one likes them or accepts them."

Cuts Could Increase Hunger and Homelessness

Laura Cohen, director of the Connecticut Anti-Hunger Coalition in Hartford, says she dreads the consequences of future cuts. "At this point, any cuts—even maintenance of the current budget—mean increased hunger and probably homelessness as well," she says.

Among the state proposals that could slice support for non-profits or cause the demand for services to increase:

► In California, Gov. Pete Wilson, a Republican, has proposed reductions in welfare assistance of up to 25 per cent to help pay for a $6.6-billion deficit. The Governor has proposed that the welfare cuts be the subject of a statewide referendum in November. If voters approve, welfare spending would be cut

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NANCY PIERCE, FOR THE CHRONICLE

Getting Gifts in Kind
Barbara Dotson (*above*) has helped a small North Carolina United Way get almost $500,000 in donated goods through Gifts In Kind America. Story on Page 7.

Guidelines on Sponsorships
The Internal Revenue Service has proposed new guidelines on corporate sponsorships in an effort to clarify recent controversial rulings. Story on Page 19.

A complete guide to this issue appears on Page 3.

WHAT'S IN THIS ISSUE

A guide for the busy reader Volume IV, Number 7

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23 Many states and localities are looking at taxes on charities as a new source of revenue.

6 The Washington-based Alliance for Rights & Responsibilities helps local groups battle drug markets and other community problems. It has drawn support from several grant makers, but its critics say it treads on civil liberties.

26 An economics professor is issuing studies charging the American Cancer Society with deceiving donors, but the charity says that his research is sloppy and that he started from preconceived conclusions.

32 The Muscular Dystrophy Association has cut its staff by 5 per cent.

32 Action for Children's Television is shutting down, saying it has completed its mission.

32 United Way of America is setting up a television network for its local affiliates.

9 Earth Share, an environmental fund-raising coalition, has added 13 members, bringing the total to 40.

24 Employment in the "independent sector" grew substantially in the last 13 years, says a new almanac of statistics on non-profits.

34 To deal with today's intimidating list of social problems, non-profits must recognize that the real issue is money, and they must fight to get more of it for the nation's most urgent needs, says commentator Mark Rosenman (My View).

32 Reports on charities by the Better Business Bureau and National Charities Information Bureau.

32 Summaries of annual reports from the Association of Governing Boards, the March of Dimes, and the National Leadership Coalition on AIDS.

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8 An increasing number of corporations are opening their matching-gift programs to non-profits outside education.

17 New York's Juilliard School has received the largest donation in its history; other recent gifts.

22 Interest rates for planned gifts, issued by the Internal Revenue Service.

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9 Points of Light 660 to 671 were named by the Bush Administration.

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About Fund Raising

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19 The Internal Revenue Service has issued new guidelines to try to clarify recent rulings on corporate sponsorships of non-profit events.

21 Charities may be able to find some lessons for today in giving trends during the Great Depression, says a new report.

22 The Supreme Court has agreed to hear a case that could affect charitable activities in public buildings.

22 Texas charities are challenging a state tax on fund-raising bingo games.

22 An internationally televised fund-raising event is being planned to benefit AIDS groups.

22 Ideas: A Valentine's Day event brings in donations for a heart institute, and a college uses a videotape to thank a major donor.

35 If Congress kills the tax deduction for charitable gifts, fund raisers shouldn't mourn, says commentator Irving Warner (Opinion).

Of Special Interest to Board Members

19 **The Internal Revenue Service has proposed new guidelines for its agents to use in investigating whether corporate sponsorships subject non-profits to unrelated business taxes.**

23 **Many states and localities are considering new taxes on charities, including possible taxation of products and services for which non-profits charge fees to the public.**

About Grant Makers

9 International Business Machines, the country's largest corporate grant maker, will cut its giving by $10-million this year because of a downturn in profits.

9 "Freddie Mac," the Federal Home Loan Mortgage Corporation, has set up a foundation that will focus on programs to aid young people.

12 Recent grants by foundations, corporations, and other grant makers.

14 Summaries of annual reports from the Morris and Gwendolyn Cafritz, Chicago Tribune, Aaron Diamond, and Teagle Foundations, and the Meyer Memorial Trust.

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31 **Books:** A summary of *The Rockefeller Conscience*, a book about the family and its philanthropy, as well as listings of other new books.

33 **People:** Appointments and promotions in the non-profit world.

32 **Regulations:** Proposed new federal rules of interest to non-profits.

36 **Datebook:** Forthcoming conferences, seminars, and workshops, and deadlines for grants and awards.

Correction

A capital campaign listed in "Campaign Update," December 17, was incorrectly attributed to the Aspen Institute. The campaign is a joint project of the Aspen Institute and the Music Association of Aspen.

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has set out to show Americans that real progress on the nation's problems will come when people stop blaming their failures on others and start taking more responsibility for their actions and for the health of their communities.

The American Alliance for Rights & Responsibilities supports groups and individuals who are working to encourage people's interest in the health of their communities by furthering the public's understanding of civic responsibility.

The alliance's politics are hard to pin down, and some critics charge that its ideas—especially its support of anti-loitering laws that make it easier for police officers to apprehend suspected drug dealers—trample on civil liberties. But the alliance stands by its view that some limited restrictions on individual rights are necessary to solve the nation's direst problems.

"As Americans we have had enormous emphasis on our rights, our entitlements, and our benefits, and it's almost as if we have forgotten what the responsibilities, duties, and obligations are that make all of these rights and benefits possible," Mr. Conner says. "Responsibility for self and to others is part of what makes a person a good person and is part of what makes a country a good country."

Small Group With Big-Time Goals

His organization has a staff of just four—Mr. Conner; Mr. Burns, the assistant director; another lawyer, Robert Teir; and a receptionist—but it has big-time goals. The group has taken a three-pronged approach to tackling the nation's problems:

► Through its Community Legal Defense Program, it recruits major law firms to provide *pro bono* help to community groups that have trouble solving problems such as drug and alcohol abuse, lack of parental responsibility, and inadequate safety and security of public spaces. The alliance also prepares some of the cases itself.

► It conducts public-policy research to demonstrate that serious social problems can be solved by concerned citizens without violating the rights of individuals. Its guide, *The Winnable War*, which attempts to show that ordinary people can take matters into their own hands, is an example of that, Mr. Conner says.

► It has made itself available as a resource for about 200 journalists, sending them its bimonthly newsletter on American social problems and taking calls from writers who are looking for a perspective that is not attached to one political party or another. As a result, the group has received endorsements in *The Dallas Morning News*, *The New York Times*, and *The Wall Street Journal*, and news coverage in *Business Week*, *New York* magazine, *The Washington Post*, *Time*, and *U.S. News & World Report*, among others.

Popular with Foundations and Community Groups

Coming at a time when the public seems overwhelmed by the country's problems and fed up with the highfalutin talk of politicians, Mr. Conner, who sounds like Mister Rogers, has been gaining ground quickly among foundation officials and community groups.

"Roger is dynamic," says Joanne B. Beyer, vice-president of the Scaife Family Foundation in Pittsburgh. "He has ideas, but his ideas can be translated into concrete ways to get things done, and I can't think of anything better I could say about somebody.

"We have only worked with Roger for two years now, but we have seen results."

The foundation gave the alliance a $150,000 grant in 1990 to produce *The Winnable War* and recently award-

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From Shoes to Software, 'Gifts In Kind' Delivers the Goods for Charities

NANCY PIERCE, FOR THE CHRONICLE

Barbara Dotson of the United Way of Rutherford County, N.C.: She arranged to get $500,000 worth of products for non-profits in her area—and pay only $10,000 for them—through Gifts In Kind America.

By VINCE STEHLE

WHEN PEOPLE in Spindale, N.C., mention the woman with 3,000 pairs of shoes, they're not talking about Imelda Marcos. They're speaking of Barbara Dotson, gifts-in-kind coordinator of the United Way of Rutherford County, who has mastered the art of getting something for next to nothing.

Last year Ms. Dotson acquired nearly $500,000 worth of goods, including pens and paper, appliances and personal-care products, like shampoo and toothbrushes, and 3,000 pairs of Nike sneakers for the county's poor children, from Gifts In Kind America, an Alexandria, Va., group that is one of the leading national organizations that channel corporate product donations to charity. The total cost to the Rutherford County United Way, including shipping and administrative fees, was under $10,000. The donations came close to the $630,000 the United Way raised in cash through its annual fund-raising drive.

"Gifts In Kind has been an absolute godsend to this United Way," says Ms. Dotson, whose astute use of the donations program has made tiny Rutherford County, population 56,000, one of the top 10 gifts-in-kind recipients among United Ways.

Gifts In Kind America, founded in 1983 by United Way of America with financial support from the Lilly Endowment, is an independent organization that annually distributes to charities millions of dollars' worth of materials that have been donated by American businesses.

Contributions include many types of products, including clothes, building supplies, household goods, personal-hygiene products, and office equipment and supplies, such as computers and fax machines.

Last year Gifts In Kind received about $35-million worth of products from American businesses. Over the last decade, more than 500 companies have donated merchandise through Gifts In Kind, and about 25 of them give through the organization on a regular basis.

The value of contributions has fluctuated dramatically from year to year, and a few large gifts can skew the figures. For example, in 1989 the value of donations, $53-million, was more than twice the value in the previous year, due to a few large gifts, including $7-million worth of videotapes from the Eastman Kodak Company.

An Alternative to the Open Market

Gifts In Kind was designed to provide charities with a low-cost alternative to buying supplies on the open market, but its programs also benefit the businesses that contribute products.

For non-profit groups, Gifts In Kind provides unused goods, usually at a fraction of their original cost. To buy goods through the program, charities can request information from the 500 local United Ways that have Gifts In Kind coordinators, or they can join Gifts in Kind directly, for a $50 annual fee. Participants receive announcements about available products at least once a month, and they respond by mailing their orders to Gifts In Kind. In most cases, distribution is on a first-come, first-served basis.

Many other organizations distribute in-kind donations. International-relief agencies provide clothing, food, and pharmaceuticals for overseas relief efforts, and domestic social-service agencies distribute donated food and clothing to the poor, the homeless, and the unemployed.

Some non-profit groups use the donations to augment their own programs, and others like Gifts In Kind America, the National Association for the Exchange of Industrial Resources, and Second Harvest, which handles donated food, act as clearinghouses between producers and individual non-profit groups.

Based in Galesburg, Ill., NAEIR distributes corporate products to non-profit groups that pay $625 for an annual membership. Last year NAEIR distributed about $75-million worth of goods to its 7,000 members, who paid a shipping and handling fee for each shipment.

Benefits for Companies

Corporations that give products to Gifts In Kind America benefit in several ways. They can deduct the cost of producing the goods from their corporate tax bill; they can decrease their business costs by reducing stagnant inventories; and, perhaps most important, they can generate good will in

Continued on Page 10

Corporate Matching Gifts: They're Not Just for Colleges and Universities Anymore

By KRISTIN A. GOSS

Non-profits outside education, from art museums to zoos, are gaining ground in winning matching gifts from corporations.

This year, more than 1,050 corporations will supplement their employees' gifts to charity, and 99 per cent of those companies will cut checks to colleges and universities, according to a report by the Council for Advancement and Support of Education.

Since their inception 38 years ago, matching-gift programs have been viewed as a way for corporations to repay the institutions that educated their employees.

Just 39 per cent of companies that have matching-gift programs will supplement employee gifts to at least one non-educational charitable organization. But, the survey found, that share has been slowly rising in recent years.

More Match Arts Gifts

The proportion of companies that match gifts to cultural organizations, for example, rose from 18 per cent of those surveyed in 1988 to 22 per cent this year. For social-service groups, the percentage increased from 10 per cent to 14 per cent. Just 9 per cent of companies surveyed would match gifts to all types of charities. That is up slightly from 1988.

Those findings are contained in the annual report, "Matching Gift Details," prepared by CASE, which represents educational fund raisers, public-relations officers, and others.

CASE runs the National Clearinghouse for Corporate Matching Gift Information, which serves all types of non-profits. The report was based on information from 1,058 parent companies, with nearly 6,000 subsidiaries.

Cheryl Martin, director of the clearinghouse, said it was difficult to say generally why more and more companies are opening their matching-gift programs to non-educational charities. But she said: "One company I talked to used the words 'being democratic.' They wanted to include more of their employees, and some employees didn't go to college."

Educational institutions have received more than $1.4-billion through corporate matching gifts since 1954, when the General Electric Company began the first such program.

Education Gets the Most

In 1989-90, roughly 1,500 educational institutions surveyed by the Council for Aid to Education reported receiving $153.1-million in matching gifts from corporations. The vast majority—$144.8-million—went to higher education.

CASE did not estimate how much its 1,058 surveyed corporations contributed to non-educational charities through matching-gift programs.

According to CASE, matching-gift programs are one of the most efficient ways to raise money, and are a "proven stimulus" for increased giving by individuals.

Corporate-giving officials offer a variety of explanations for education's dominance:

► They have never been asked to match gifts to other charities.

► They support other charities through United Way contributions and other grants.

► They need to limit matching gifts or they will not have any money left for creative grant making.

Opening matching-gift programs to all charities could amount to "robbing Peter to pay Paul," said Peter Bird, senior program officer at the HCA Foundation, the charitable-giving arm of the Hospital Corporation of America in Nashville.

"It's very difficult to say if the 'Seeing Eye Dog of Northern Illinois' is a legitimate agency. How do you check that out?"

"So the net to charities might not go up at all."

The HCA Foundation gave $3-million last year, including just over $100,000 in matching gifts. Though the foundation gets its money from the more than 130 HCA hospitals around the country, its matching gifts were restricted to higher-education institutions. Joyce G. Kittle, who administers HCA's matching-gift program, said that many hospital employees gave to nursing colleges and medical schools.

Kept to Limited Level

Said Mr. Bird: "Most companies, if they're being honest, will tell you that matching gifts are fine if you hold them to a fairly limited level, because if they're not held to a certain level, it turns good [corporate-giving] staff people into clerks," whose main purpose is to verify a charity's legitimacy and to send out checks.

R. L. Kuhns, secretary of the Shell Oil Company Foundation in Houston, said its matching-gift program was limited to educational institutions because the country is in "dire need" of better schools. He said, too, that companies can easily determine whether educational institutions are legitimate because they, unlike many other non-profits, are accredited by outside agencies.

"You can go to a book and say, 'Is the Nazarene College of North Dakota accredited? Well, yes it is,' " Mr. Kuhns said. "But it's very difficult to say if the 'Seeing Eye Dog of Northern Illinois' is a legitimate agency. How do you check that out?"

"Most companies, if they're being honest, will tell you that matching gifts are fine if you hold them to a fairly limited level."

According to the survey, 86 per cent of companies required that educational institutions receiving matching gifts be accredited.

Among the other findings:

► Most companies—more than eight in ten—match employee gifts at a one-to-one ratio. But 16 per cent will give twice what the employee contributes, and 1.8 per cent will chip in three or more times what the employee donates to a non-profit.

► Three per cent of companies match deferred gifts, such as insurance-policy premiums, pooled life-income funds, and charitable remainder unitrusts.

► Nearly three in four companies will match gifts by full-time, but not part-time, employees; 43 per cent will match gifts by retired employees; and 53 per cent will match gifts by their directors. One in five companies will match gifts by all employees.

Copies of the report may be obtained by writing to John Gunn at CASE, 11 Dupont Circle, Suite 400, Washington 20036-1261. The price is $63, prepaid, for CASE members and $87 for non-members.

Company Policies on Matching Gifts

	Percentage of companies
Employee Eligibility	
All employees	20%
Full-time employees only	73
Salaried full-time employees only	4
Permanent part-time employees	8
Continuous service required	37
Retirees	43
Directors	53
Spouses of eligible personnel	15
Spouses of retirees	5
Widows or widowers of retirees	3
Alumni status required	8
U.S. employees only	15
Eligibility of Education Organizations	
All levels	22%
Colleges and universities	99
Graduate and professional schools	92
Junior colleges	83
Community colleges	83
Seminaries and theological schools	63
Technical and specialized schools	60
Secondary schools	47
Elementary schools	28
Accreditation required	86
State and regional associations	27
National associations	22
Both public and private colleges eligible	97
Only private colleges eligible	2
Both public and private schools eligible	33
Only private eligible	13
Eligible Purposes at Education Organizations	
Separate alumni or other foundations	55%
Capital campaigns	17
Non-athletic scholarships	15
Athletic scholarships	8
Athletic activities	5
Religious purposes	2
Political purposes	1

	Percentage of companies
Eligibility of Non-Education Non-Profits	
At least one non-education organization	39%
All 501(c)(3) organizations	9
Public television or radio	34
Art museums	32
Performing-arts groups	32
Historical museums or societies	31
Science museums (including zoos and botanical gardens)	31
Libraries	31
Humanities councils	23
Art groups	28
All cultural organizations	22
Hospitals	22
Health organizations	15
Social-service organizations	14
Environmental groups	15
Civic organizations	13
United Way	8
Minimum Gift to Be Matched	
None ($1)	13%
$2 to $10	17
$11 to 25	60
Over $25	10
Maximum Gift to be Matched	
Less than $1,000	23%
$1,000 to $1,999	26
$2,000 to $2,999	19
$3,000 to $4,999	8
$5,000 to $9,999	16
$10,000 or more	7

	Percentage of companies
Ratio of Matching	
Less than 1 to 1	1%
1 to 1	81
1¼ or 1½ to 1	1
2 to 1	16
3 to 1 or more	1

Programs with mixed ratios are listed at the highest ratio. For example, a program with a 2-to-1 ratio on the first $100 and a 1-to-1 ratio thereafter is counted under 2 to 1.

Distribution of Matching Gifts	
Continuously	51%
Monthly	12
Quarterly	22
Semi-annually	6
Annually	10
Designation of Matching Gifts	
Unrestricted	55%
Same as employee's gift	41
General operating budget only	1
Procedures	
Donor sends form with gift to organization	82%
Donor presents receipt or evidence of gift to company	11
Donor sends check via company officer	10

Some companies use multiple procedures.

Other Policies	
Company requires acknowledgment of matching gift	27%
Company does not require acknowledgment of matching gift	62
Company will match gifts that can be matched by another company (such as a spouse's employer)	47
Company will not match gifts that can be matched by another company	43
Company matches deferred gifts	3
Company does not match deferred gifts	88

Note: Based on information from 1,058 companies. Some categories may not add to 100% because of rounding or because those that did not answer have been omitted.

SOURCE: Council for Advancement and Support of Education

'Gifts In Kind America' Delivers the Goods for Charities

Continued from Page 7

communities where charities receive their products.

"We did a survey to see why companies gave through Gifts In Kind, and we found that the driving factor was that companies would be helping non-profits in their communities, and that made them feel good," says Susan Corrigan, chief executive officer of Gifts In Kind.

Companies work through Gifts In Kind because "it makes good business sense to use our service," says Ms. Corrigan. "We can take large inventories and distribute them nationwide.

"Otherwise, the companies would have to redirect valuable staff members, who don't understand the non-profit world as well as we do."

Since it processed its first in-kind contribution, a shipment of 80,000 Electrolux vacuum cleaners, Gifts In Kind has provided logistical support for American corporate philanthropy. Over the years, the group has distributed a broad array of goods: thousands of cases of clothing from K Mart Corporation, truckloads of Avon products, and recently, 700,000 batteries from Kodak.

At first, many companies viewed donating to Gifts In Kind primarily as a way to do something useful with excess inventory, and, to a great extent, that's still true. But now, as American businesses become more efficient and inventories shrink, Gifts In Kind is seeking more contributions of newly manufactured goods.

At the same time, Gifts In Kind itself has tried to become more efficient. For example, since transportation is one of the organization's largest expenses, it has established a program with the American Trucking Association to encourage trucking companies to donate shipping services to send goods to and from the group's two warehouses. So far, 53 companies have joined the program, called CONNECT for the Coordinated National Network of Contributed Transportation, and in the last two years they have donated about $80,000 worth of shipping services.

In recent years, while Gifts In Kind has continued to offer a di-

Non-Profit Helps Local Groups Battle Drugs and Crime With a Dose of Responsibility

Continued from Page 7

ed it $250,000 to spread the ideas in the manual and begin developing an ambitious project that will try to put together a registry of the name of every person in America who has been hurt by alcoholism—"a monument to the human pain that alcohol creates," according to Mr. Burns.

"Certainly when you look at the crime and all the things that are going on in this country, Americans need to have a consciousness of their rights and responsibilities," says Charles W. Jacobson, president of the Weingart Foundation in Los Angeles, which has given the alliance about $125,000.

Although foundations have been receptive to the group's proposals, Mr. Conner says it has not always been easy to determine which philanthropies are likely to give to his cause. While he's used all the information available to him and become a frequent visitor to the Foundation Center, he notes that most giving directories don't have "an entry under 'foundations that want to encourage civic responsibility.' "

"The challenge here," he says, "is finding people who agree with us even though they never said so."

The alliance's budget grew from $200,000 in 1990 to $326,000 in 1991, and Mr. Conner hopes to increase it to $500,000 this year—mainly by tapping foundations and corporations.

The group has worked closely with about 30 community organizations in more than a dozen cities, and has turned down numerous others. Under the direction of Mr. Teir, the alliance investigates 5 to 10 times as many cases as it actually takes on, Mr. Conner says. "These days," he adds, "most of them are coming to us."

Unusual Mix of Politics

The alliance's politics are an unusual mix of liberal and conservative that can be confusing at times. Its Board of Directors, for example, includes Edward S. G. Dennis, Jr., a former Assistant Attorney General in the Bush Administration, and James W. Moorman, an Assistant Attorney General in the Carter Administration.

"People have a hard time understanding what AARR is, because it's new and it doesn't fit into the established knee-jerk ideologies," says Joe Davis, a community activist here. "Everybody wants to fit them into a pigeonhole, and if they can't fit them into a pigeonhole then they can't understand them."

Mr. Davis has been working with a coalition of Washington groups to shut down the Hummingbird Restaurant and Supper Club, a bar in a mixed-income neighborhood that residents and police believe is a hub of drug activity. The alliance has been helping the coalition but hasn't tried to force any ideology on the group, instead letting the community organizations decide the agenda, he says.

Despite its non-partisan stance, the alliance embraces much of the "communitarian" philosophy, a new school of thought promoted by a small group of academics and politicians who espouse an increased emphasis on people's responsibilities to the larger society.

Amitai Etzioni, widely considered the "godfather" of the movement, sits on the alliance's board of directors and was an important player in the alliance's founding. "Strong rights require strong responsibilities," says Mr. Etzioni, a professor who teaches ethics and economics at George Washington University here. "The country in the 80's has gone fairly far in the kind of 'give me' direction, a celebration of greed and self-centeredness."

Says Mr. Conner: "We needed a group that would apply this new approach and demonstrate that balancing rights and responsibilities is actually the best way to solve the problems that we have."

Friend-of-the-Court Briefs

Among the alliance's projects, which often involve the filing of an *amicus curiae*, or friend-of-the-court, brief to support a case in court:

► It has joined the Sulphur Springs Action League and the Prison Crusade, two Florida non-profits, in a brief in support of Tampa's loitering ban, which is intended to stop the selling of drugs on the street. The constitutionality of the law is being challenged by the local public defender's office and the Florida Association of Criminal Defense Lawyers. The case is scheduled to be heard by the state Supreme Court in April.

► Working with the Emergency Committee for Georgia Avenue, a coalition of neighborhood groups here, the alliance persuaded the city's Alcoholic Beverage Control Board in December to make license renewal for the Hummingbird Restaurant and Supper Club subject to the approval of more than half the registered voters who live within 600 feet of the bar. The alliance arranged for one of Washington's largest and most prestigious law firms, Covington & Burling, to represent the coalition, and helped attract public attention to the case. The coalition will begin collecting the signatures it needs to close the bar down once it receives petition forms from the city.

► It worked with the Alexandria Coalition Against Drug Loitering, in Virginia, to pass an ordinance making it illegal for people to stand around with the intent of selling drugs. The ordinance, which was opposed by the American Civil Liberties Union, was passed by the city council in April 1990 after some compromises were made.

Maxine M. Clark, a high-school teacher who spearheaded the movement to pass the ordinance, says it was odd to be involved with an all-black group that was supporting a law that in previous times would have been used to obstruct the rights of blacks and uphold segregationist policies. But she says she saw it as "a tool for combating a deadly assault on the community, particularly black neighborhoods."

Seeking to Keep Families United

The American Alliance is also interested in supporting government policies that encourage families to stay together and parents to take more responsibility for their children, especially in discouraging the use of alcohol by pregnant women. However, Mr. Conner says he is interested in working only with communities that have the mechanisms in place to help the people who are in trouble. "Thus far, we have found people who are prepared to punish women who have drunk to the point that they've damaged their fetuses," he says, "but we haven't found that kind of program in a community that also stands ready to help women who want to get off drugs and alcohol to protect their developing child."

Mr. Conner has strong views about the role of parents. "No man should have unprotected sex with a woman who's a drunk or an alcoholic, and it's his responsibility to the offspring and to the community not to do so," he says.

'Emotional Carping'

It's because of ideas like that that the American Alliance for Rights & Responsibilities has its foes.

James T. Miller, a lawyer who has been involved in fighting Tampa's law, calls the alliance's *amicus* brief in the case "more like emotional carping and complaining than a legal document."

Mr. Miller, an assistant public defender and co-chairman of the Amicus Committee for the Florida Association of Criminal Defense Lawyers, says that such ordinances give the police too much authority to stop potentially innocent citizens and that they interfere with people's basic rights of assembly.

Says Victor M. Glasberg, who represented the northern Virginia chapter of the American Civil Liberties Union in opposing the alliance-backed anti-drug-loitering ordinance in Alexandria: 'It was overboard and it was unconstitutional."

Mr. Conner is now involved in putting together a coalition of Atlanta groups that want to defend an ordinance, passed by the city council in July, that makes it illegal for people to loiter in parking lots unless they have cars there or are involved in lawful business on the property. The statute also prohibits its panhandlers from accosting people or forcing themselves on others.

Anita L. Beaty, director of the Task Force for the Homeless, an Atlanta non-profit, says the ordinance doesn't cover any areas that aren't already provided for in local laws, but makes it easier for the police to misuse their authority. Her group is considering a lawsuit opposing the statute. "This law was enacted to give the police a sort of hunting license to arrest homeless people," she says. "It was an agreement, we think, between the business community and elected officials as a sort of test case to be prepared for the Olympics," which will be held in Atlanta in the summer of 1996.

But Mr. Conner says some minimal standards of behavior are necessary and that whatever existed before was not working. "Part of the issue is, frankly, the survival of our great cities," he says.

3,000 Guides Given Away

Since last June, the alliance has distributed about 3,000 copies of *The Winnable War*, which advocates the passage of anti-drug-loitering ordinances and other measures that can help community groups stop crime.

Gregory L. Dixon, who administers the Robert Wood Johnson Foundation's Fighting Back grant program, which aims to reduce the demand for alcohol and drugs, says he has given each of the 15 communities in the program a copy of the guide. "It's the first thing that I have seen that is written from the point of view of the neighborhoods," he says.

While Mr. Dixon believes that it is possible that local activists will go too far—"What if they said, 'Hey, there are too many Hispanics moving into our neighborhood' ?" he asks—he says that the spirit of the manual encourages citizens to act responsibly. "The greatest harm in America these days is coming through the lack of vigilance on the part of honest, hard-working, neighborhood citizens, not through the excessive exercise of neighborhood responsibility," he says. "The sense of hopelessness, powerlessness, is a greater danger right now in many neighborhoods."

Mr. Conner says his message is taking hold because baby boomers are finally being terrified out of their complacency. Says Mr. Conner, whose wife gave birth to their first child this month: "They have the same fear every parent does—that their children will be injured or will die."

At a Glance: American Alliance for Rights & Responsibilities

AARR

History: Founded in 1990 by Roger L. Conner, a public-interest lawyer who said he believed Americans had become overly concerned with their individual rights, to the detriment of the larger society.

Purpose: To increase people's sense of responsibility to those around them—by defending community groups that are trying to improve their neighborhoods, by conducting public-policy research on solutions to the nation's problems, and by encouraging news organizations to publish more articles stressing the need for a greater balance between rights and responsibilities.

Membership: 400 dues-paying members.

Finances: Annual budget of $326,000 in 1991. Sources of funds: $281,000 from foundations, $20,000 from individuals, $15,000 from corporations, and $10,000 from publication sales.

Key officials: Mr. Conner, executive director; Frederick R. Anderson and James W. Moorman, co-chairmen of the Board of Directors.

Address: 1725 K Street, N.W., Suite 1112, Washington 20006; (202) 785-7844.

verse menu of goods, its leaders have tried to attract more high-technology gifts to help non-profit groups operate more efficiently.

The emphasis on computers and other such items stems from the group's marketing surveys, which have shown that charities are stepping up their use of sophisticated office equipment. "We're doing it because that's what the non-profits say they need," says Ms. Corrigan.

But some people who advise non-profits on computers and other technical matters say that Gifts In Kind needs to do a better job of informing charities about the products it offers, because most non-profit groups do not have the computer savvy to distinguish which products are worth taking and which should be avoided. Several non-profit computer experts said that, although the program is basically worthwhile, Gifts In Kind hasn't realized its full potential.

"By and large, my feeling is that it works fairly well," says Bronsa Elliott, director of computer services at the Center for Nonprofit Management's Technology Learning Center in Dallas. "But there's a risk that non-profits that are trying to save a buck will send for the wrong thing."

Several non-profit computer experts also express concern that some of the software offered by Gifts In Kind is too far out of date to be useful to non-profit groups.

"You don't want non-profits accepting software that's obsolete," says Ms. Elliott, who is also chairperson of the Technology Resource Consortium, a network of non-profit groups that offer technology-related assistance to charities. "Sometimes non-profits are viewed as poor stepchildren, for whom the old version is good enough."

Listings by Function Sought

Daniel Ben-Horin, executive director of CompuMentor, a San Francisco–based organization that advises non-profits, faults the way software is listed in the publications that Gifts In Kind sends to its members. All the software produced by one company is lumped together, and all types of software available for distribution are put on the list.

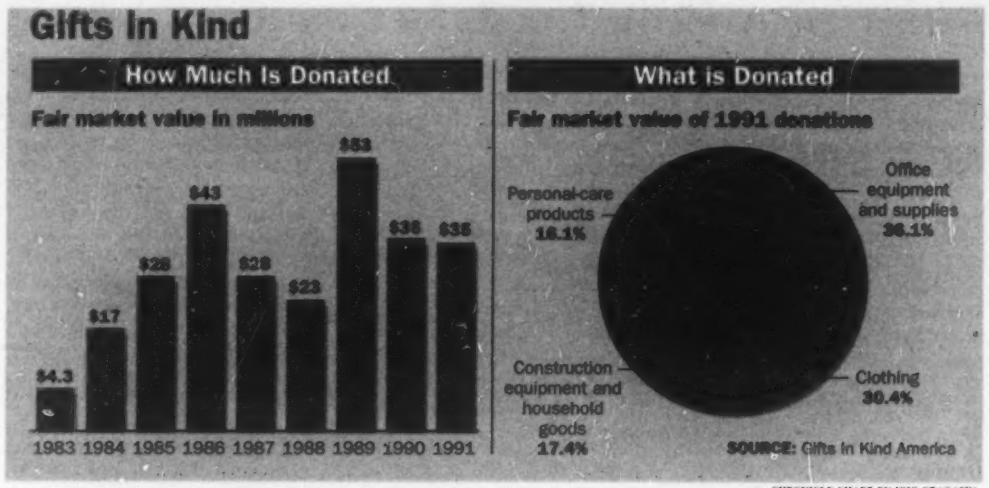
Instead, suggests Mr. Ben-Horin, Gifts In Kind should not continue to distribute donated software that may not be useful to non-profits and should group the listings according to the function of the software, such as word processing or accounting spread sheets.

"You don't wake up in the morning and say, 'Gee, I'd like some software from Lotus,' " he says.

What's more, he says, listings should include the actual value of the software, not just the manufacturer's list price. For example, Gifts In Kind offers Microsoft Word for an administrative fee of $30 and says the approximate value is $450, when, in fact, the most recent version of the software can be purchased for under $300.

"They have a responsibility to do an exemplary job in this arena, not just a barely passable one," says Mr. Ben-Horin.

Ms. Corrigan says that it's not up to Gifts In Kind to insure that charities obtain the correct software. "It's the non-profit group's responsibility to order properly," she says. With only 17 full-time employees, she says, Gifts In Kind "can't answer all the questions that people would have about the software."



CHRONICLE CHART BY JOJO GRAGASIN

Questions About Quality Control

Some non-profit administrators say that Gifts In Kind's quality control is less than perfect.

"The computers and high-tech stuff were a little disappointing," says Ms. Dotson, of the Rutherford County United Way. "When we started receiving some of the items, we found that maybe it wasn't such a good deal after all. A lot of the companies may be sending items that aren't first quality."

To insure that Gifts In Kind receives high-quality merchandise, Ms. Corrigan tries to persuade technology companies to provide newly manufactured goods directly to Gifts In Kind, rather than using the organization as a way to get rid of extra products.

In a recession, when companies may have to cut back cash gifts, she says, donations of products can help them maintain a positive corporate image. So far, about a half-dozen companies, including Microsoft Corporation, a large software producer, and Lanier Worldwide, an office-equipment manufacturer, have agreed to provide current products through Gifts In Kind.

In one of Gifts In Kind's most successful efforts to date, IBM has agreed to use the organization as a conduit for gifts of equipment to charities supported by United Ways. Until now, most of IBM's support for United Ways has been through unrestricted gifts of cash. But starting this year, about 20 per cent of IBM's United Way contribution will consist of gifts of equipment, which will be distributed by Gifts In Kind.

If IBM's United Way contribution figure is $18.5-million, as estimated, the company will provide $3.7-million worth of equipment through Gifts In Kind.

"An organization like this brings to the table logistical expertise that can help determine where the need is among non-profit groups," says Brian Doyle, an IBM spokesman.

In recent years, the quality of supplies and the efficiency of the Gifts In Kind delivery system have both improved dramatically, say non-profit administrators who have used the service.

"At first it was rather difficult to deal with," says Kent Rubin, computer director for the Salvation Army's Northern Division headquarters in Minneapolis.

In the past, charities would send their orders, including payments, to Gifts In Kind, not knowing whether they would receive the items they ordered, since the goods are offered on a first-come, first-served basis.

"They'd put out a Christmas list, but whether Santa would come was anybody's guess," says Mr. Rubin. "Now, before you send your money in for something, you can find out if it's still available," he says, by calling in advance.

Last year, the Pew Charitable Trusts gave Gifts In Kind a grant of $230,000 to computerize its ordering process, a change that many of the group's users have applauded.

And as Barbara Dotson demonstrates, in the battle for resources, smaller communities have just as good a chance of getting what they need as big communities, because all of the groups get the information at the same time, through the mail. "The post office is right at my back door, and we know when it's coming," she says.

In fact, she points out, small groups may have an edge over larger groups, because small groups are less bureaucratic and can act faster.

"In the bigger places, they have to get three signed affidavits just to go to the bathroom," she says. "We fill out the forms the same morning we get the list."

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May 30, 1991

Mr. Gary M. Pforsheimer, President
PG Calc, Inc.
129 Mount Auburn Street
Cambridge, MA 02138

Dear Gary:

Just a note to say how much I enjoyed the users workshop this past week at the Charles Hotel in Cambridge. I have attended many workshops and conferences and you and your staff do an excellent job of organizing and running that 2-day workshop. It is a pleasure to be with your staff and also the other attendees. Each year I think I have learned all I can about the applications and always go away learning something from the staff, your guest faculty and the other users.

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Associations Find New Dollars Through Aggressive Fund Raising

Continued from Page 19

Federal Campaign, the annual on-the-job solicitation of federal employees. The foundation was started 20 years ago by the Council for Exceptional Children, a Reston, Va., group that represents about 60,000 people who provide services to children with learning disabilities.

Several of the fund-raising foundations have started holding special events at their associations' annual conventions.

Such events, while not always big sources of income themselves, often lead to new contributions from people who participate, says Marie J. Tapparo, executive director of the American Speech-Language-Hearing Foundation in Rockville, Md. Last year, the foundation held an aerobics session and an art auction during its parent association's annual meeting, raising about $2,000 altogether.

More Flexibility

Association officials say that having a charitable foundation can help distinguish an organization from others that serve the same field. In addition, because foundations are supported with donations, not membership fees, they often have more flexibility to work on projects that have long-term benefits to a specific trade or profession.

"A lot of associations created the foundation because they saw it as a way to attract additional funding to do some of the things that they thought were important to do, but without having to rely on member dues or traditional funding streams," says James P. Gelatt, director of planning for the American Speech-Language-Hearing Association and head of the informal group of association foundations in Washington. "Having a 501(c)(3) was a potential way of doing that."

He adds: "Many have gotten into it because they perceived the importance of enriching the pool of people coming into that field, so a lot of them do scholarships, grants, and other kinds of things designed to attract people to the profession or trade or business the association represents. A lot of them are also the locus for much of the research the association stimulates."

'Unique Sort of Animals'

The foundations set up by associations are unusual in the philanthropic world: They raise money and they distribute it; they are independent organizations, yet they are linked to the associations that created them. Despite their charitable work, statistics on their activities are not tracked separately by Independent Sector or the Internal Revenue Service.

"They're kind of unique sort of animals," says Mr. Gelatt. "They're like a foundation and they're not, and they're like other non-profits and they're not. The balance that association foundations have to strike is how to find a niche for themselves that is unique but at the same time related to the association."

Ms. Walker of the Orthopaedic Research and Education Foundation says associations must be both fund raisers and grant makers. "To support research we have to raise funds," she says, "so we look at them in tandem."

Tom Gorski, director of planning for the American Society of Association Executives, says a fine line exists between many associations and their foundations. Many share staff members and office space and have overlapping board members. Under IRS rules the two are required to keep their finances separate and maintain complete and accurate records.

Donald D. Roberts, an IRS public-affairs specialist, says that while the close relationship between the two presents the potential for abuse—such as channeling charitable contributions collected by the foundation to pay salaries of association officials—the tax agency does not have the time or resources to monitor those groups.

"It is not something we have tracked," he says. "We don't see it as a significant potential problem."

Gifts from Grant Makers

While most association-operated foundations receive the majority of their money from members of their associations or from companies that are involved in the field that the association represents, a handful have attracted broader support from private foundations, other corporations, and the public.

"One of the hardest things about starting to work for a foundation is working with a board that is not used to giving."

One organization whose charitable efforts have multiplied over the past few years is the National Society of Professional Engineers. That group started a foundation in 1958 to respond to a shortage of engineers, but it did not hire a full-time fund raiser until 1986. Susanne Garvey, director of development for the society, says the effort to raise money "was very hit-or-miss before I came on board." Assets for the foundation in 1986 were around $500,000.

Since then, the foundation has grown so rapidly that a program called Mathcounts, designed to encourage junior-high-school students to study mathematics, has become a separate foundation. Assets in 1991 for the educational foundation were $700,000 and $1-million for Mathcounts.

Mathcounts, whose program now operates in about 8,000 schools around the country, receives contributions from such companies and corporate foundations as the CNA Insurance Companies, International Business Machines Corporation, the General Motors Foundation, and the AT&T Foundation.

The engineering foundation also sponsors National Engineers Week, held in the third week in February, during which engineers around the country visit schools and set up technology displays in local shopping malls, business offices, and libraries. This year, IBM has worked with the National Action Council for Minorities in Engineering and Marvel Comics to publish a Spider-Man comic book on technology, *Riot at Robotworld*, which will be distributed to one million schoolchildren during that week. The society also worked with the Smithsonian Institution's Museum of American History to help design some of the materials for the project.

"The programs give engineers a way to give back to society," says Ms. Garvey. Unlike doctors or lawyers, Ms. Garvey says, most engineers are hired by businesses rather than by individuals. "It's very important for engineers to have that human, social, community contact," she says.

The Council for Exceptional Children's foundation also receives money from private grant makers, including the Knight Foundation, the Dole Foundation for Employment of People With Disabilities, and the Morris and Gwendolyn Cafritz Foundation, for its college-scholarship programs for students with disabilities. That fund has an annual budget of $570,000.

Charles A. Johnson, vice-president for development for the Lilly Endowment, says the endowment has contributed to associations such as the National Society of Fund Raising Executives and the American Association of Fund-Raising Counsel because it wants to help non-profits do a better job of raising money from many types of sources.

Most association foundations, he says, are set up for "professional advancement" rather than to benefit the association. "To the extent that they are self-serving or self-centered," he adds, "they are not obtaining grant money from private foundations."

Lack of Fund-Raising Experience

Some association fund-raising efforts have been stymied by inexperienced leadership or a lack of resources. Staff and board members who have been borrowed from an association to work on its foundation usually have little experience in raising money.

"One of the hardest things about starting to work for a foundation is working with a board that is not used to giving," says Ms. Tapparo of the American Speech-Language-Hearing Foundation. Before being hired as the foundation's first full-time staff member three years ago, she was in charge of obtaining major gifts for the Massachusetts Institute of Technology.

Ms. Tapparo says that when she started working for the association foundation, not all of the foundation's board members made contributions. She has expanded the board to include representatives from corporations that produce speech- and hearing-related products as well as speech pathologists.

"Many of our members work with non-profits, so that even if they're not used to asking for money, they're used to giving themselves."

Currently, all 11 members of the board make donations, with half giving at least $1,000. The foundation raised $170,000 last year.

In some cases, when both the foundation and the association are growing rapidly, they end up competing with each other. Associations can find themselves competing with their members, as well. For example, a group that represents colleges may be contacting the same prospective donors as its members, says George Brakeley, III, president of Brakeley, John Price Jones, a fund-raising consulting firm in Stamford, Conn.

Such competition usually leaves the associations at a disadvantage. Mr. Brakeley says donors may ask why they should give to an association when they could contribute to a college directly. He says donors often see the association as a middleman, asking: "Why should I give when the only effect is so diffuse as to be immeasurable?"

While association-run foundations are a high-growth area, most fund-raising experts say they do not think the funds represent a major source of competition for other non-profits.

"In overall philanthropy, it's a relatively small piece," says Mr. Brakeley. "I don't think it's going to cut into other parts of the pie in the same way the emphasis on precollegiate education is cutting into higher education."

Mr. Payton of the Center for Philanthropy agrees. "It's a small segment of a larger pie," he says. "I think it won't touch people beyond the immediate focus of the association, but I think it will generate new giving."

Most fund-raising affiliates of associations recognize that by the nature of their activities, they probably can solicit only from a limited group of individuals and corporations. The scope of that group varies with the type of organization.

Says Elliot J. Berkowitz, development officer for the National Association of Social Workers: "Part of our success has to do with the profession we represent. Many of our members work with non-profits, so that even if they're not used to asking for money, they're used to giving themselves."

Diana Stevens, director of administration and development at the Fund for Chiropractic Education and Research, which has a $2-million budget, says the fund's pool of potential donors is fairly limited. "There are only a set number of chiropractors," she says. "We don't go after patients because we don't think that's appropriate. And it's not like we can go after doctors or dentists. There's a limited market."

According to Mr. Moore, the consultant, the success or failure of association foundations over the next five years will determine the long-term future of the organizations. "So many associations have incorporated foundations that may not have done very well, so staff often don't see them as that valuable," he says.

It will take some "stellar victories," he says, to serve as examples before more associations will be willing to make any strong commitments to their fund-raising affiliates.

He says such successes, however, may be more prevalent in the next few years. "There are many organizations," he explains, "that have now figured out what to do with a foundation, that realize that it needs to build assets, that it can bring the association's constituency closer and can help it reach the public at large."

Campaign Update

Status and recent results of drives for endowments and capital improvements

	Started or announced	To conclude	Goal	Amount raised
College of Notre Dame of Maryland	Fall 1989	Dec. 1991	$14,000,000	$14,000,000
Cornerstone Services (Ill.)	Fall 1991	Dec. 1992	1,000,000	232,500
Fort Hays State U. (Kan.)	April 1991	April 1994	20,000,000	14,000,000
Glendale Adventist Medical Center Foundation (Cal.)	June 1991	June 1992	3,000,000	1,320,000
Oklahoma Christian U. of Science & Arts	Nov. 1984	April 1991	50,000,000	51,200,000
State University of New York at Albany	Summer 1989	Dec. 1999	55,000,000	11,200,000
United Jewish Appeal—Federation of Jewish Philanthropies of New York	Nov. 1988	Fall 1994	1,200,000,000	697,000,000
Walt Disney Cancer Institute at Florida Hospital	March 1991	Dec. 1992	25,000,000	7,000,000

The Non-Profit World: a Statistical Portrait

Between 1977 and 1990, the proportion of American workers employed by "independent sector" non-profits increased by a full percentage point, as per-capita contributions to such organizations grew by nearly 50 per cent.

In those 13 years, paid employees in the independent sector—non-profits that are tax exempt under Sections 501(c)(3) and 501(c)(4) of the tax code, plus religious organizations that are not required to register with the federal government—grew from 5.3 to 6.3 per cent of workers in the U.S. economy. At the same time, the share of total U.S. earnings by paid employees in that category rose from 3.9 per cent to 4.8 per cent, according to *The Nonprofit Almanac 1992-93: Dimensions of the Independent Sector*.

Measured as a fraction of total national income—and including an imputed value for time volunteered—the independent-sector non-profits' share grew faster than that of business or government between 1977 and 1982, then slowed as federal cuts affected many non-profits. That decline reversed slightly between 1984 and 1990. The group's share of national income was 4.9 per cent in 1977, 5.8 per cent in 1982, 5.7 per cent in 1984, and 6.2 per cent in 1990.

The almanac, published by Independent Sector, a national coalition of major non-profits and foundations, marks the fourth in a series of biennial statistical profiles of non-profits in the United States. Drawing upon data from private and public sources, it includes information about the size, composition, and function of the organizations, the sources of their private support, employment trends, and profiles of subgroups classified both by field (such as arts and culture, education, environment, and housing) and by state.

The almanac's definition of the independent sector excludes non-profit organizations like social clubs, fraternal societies, credit unions, and veterans' groups—although some of the statistics include data from those non-profits as well.

Among the data:

► In 1990, independent-sector non-profits comprised an estimated 983,000 organizations, representing 4.2 per cent of all U.S. institutions—down from 4.6 per cent in 1977, but nearly unchanged since 1984.

► For every charitable organization that closes, three new ones open. The result was a net increase in organizations from 360,668 in 1987 to 460,289 in 1989.

► The largest growth in the number of organizations occurred among groups focusing on the environment, animals, medical research, crime and legal issues, agriculture and nutrition, human services, international causes, community improvement, social sciences, and religion. In all cases, the number grew by at least 25 per cent.

► Between 1977 and 1990, the independent sector's share of total U.S. employment increased from 8.5 per cent to 10.4 per cent. (Those figures include volunteer time, which accounted for the equivalent of 3.3 million employees in 1977 and 5.8 million in 1990.)

► Per-capita giving by individual Americans grew 48 per cent in real terms during the 1980's, compared with 30 per cent in the 1960's and no change in the 1970's. Americans gave $493 to charity on average in 1990, compared with $161 in 1977.

► Corporate contributions as a proportion of total giving peaked at 5.8 per cent in 1984, declining to 4.8 per cent in 1990—when corporations gave $5.9-billion.

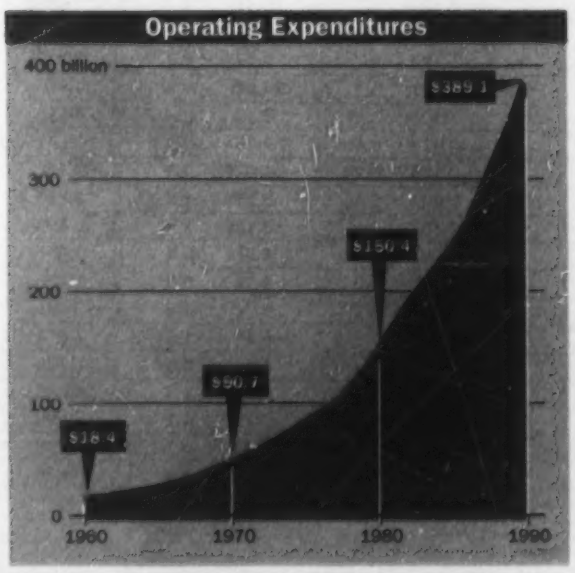
Copies of the almanac will be available next month for $49.95 from Jossey-Bass Publishers, 350 Sansome Street, San Francisco 94104; (415) 433-1767.

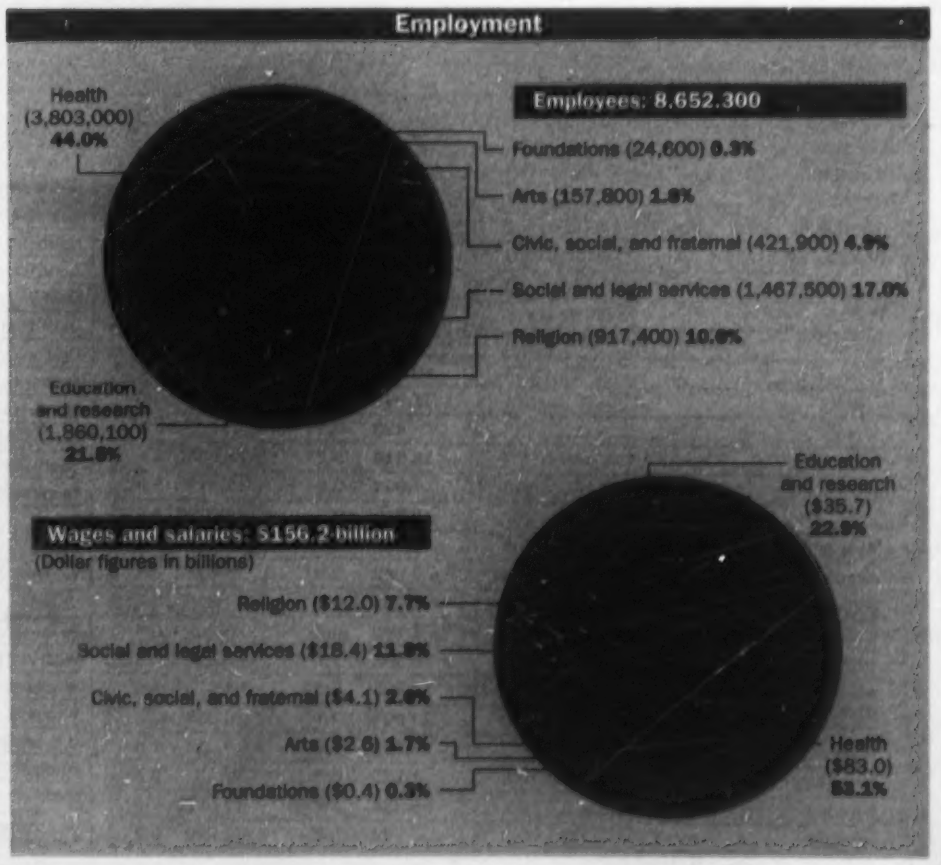
Independent Sector members can obtain the almanac at a discount directly from Independent Sector, 1828 L Street N.W., Washington 20036; (202) 223-8100. —STEPHEN G. GREENE

Key Statistics

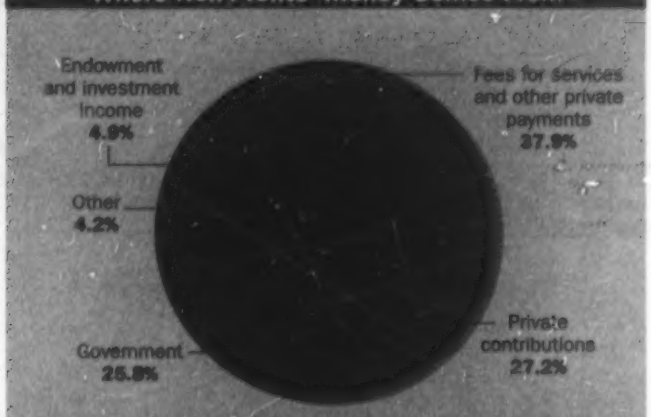
	1977	1990
Organizations	**739,000**	**983,000**
Employees	**5,519,500**	**8,652,300**
Percentage of total U.S. employment	5.3%	6.3%
Employee earnings	**$46,700,000,000**	**$156,200,000,000**
Percentage of total earnings of U.S. workers	3.9%	4.8%
Volunteers	**3,271,000**	**5,784,000**
Operating expenditures[1]	**$102,700,000,000**	**$389,100,000,000**
Adjusted for inflation (1982 dollars)	162,400,000,000	263,300,000,000
Per capita	$466	$1,548
Per capita, adjusted for inflation	$737	$1,047
Percentage of U.S. service economy	17.6%	19.6%
Percentage of gross national product	5.2%	7.1%
Total contributions	**$35,500,000,000**	**$122,600,000,000**
Per capita	$161	$493
Per capita, adjusted for inflation	$239	$375
Percentage of non-profits' operating expenditures	34.6%	31.5%
Contributions by individuals	**$29,500,000,000**	**$101,800,000,000**
Per capita	$134	$409
Per capita, adjusted for inflation	$199	$311
Percentage of U.S. personal income	1.84%	2.19%
Foundation grants	**$2,347,000,000**	**$7,911,000,000[2]**
Percentage of foundation assets	6.6%	5.8%
Corporate contributions	**$1,791,000,000**	**$5,600,000,000[3]**
Percentage of pre-tax income	0.89%	1.82%
Percentage of after-tax income	1.41%	3.82%

[1] Figures are for all non-profits, whereas others cover only organizations exempt under Sections 501(c)(3) and 501(c)(4) of the tax code, plus churches.
[2] 1989 data.
[3] Estimated data for 1989.

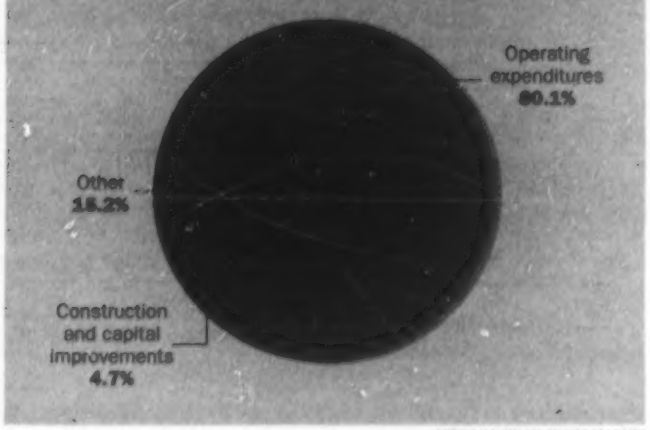




Where Non-Profits' Money Comes From


Endowment and investment income 4.9%
Fees for services and other private payments 37.9%
Other 4.2%
Private contributions 27.2%
Government 25.8%

Where It Goes



CHRONICLE CHARTS BY JOHN GRAGNANI

Finances of Types of Organizations

(Dollar figures in millions)

	Public support*		Annual expenses		Assets	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Arts, culture, and humanities	$4,895	7.6%	$8,525	2.6%	$19,892	3.9%
Education	17,670	27.4	59,351	18.3	154,658	30.4
Environment	824	1.3	1,118	0.3	3,089	0.6
Animal-related	606	0.9	1,161	0.4	2,504	0.5
Health—general	7,347	11.4	180,705	55.7	210,119	41.4
Mental health	1,863	2.9	3,755	1.2	2,430	0.5
Disease-related	2,373	3.7	4,564	1.4	6,760	1.3
Medical research	742	1.2	1,913	0.6	9,065	1.8
Crime- or legal-related	1,232	1.9	1,591	0.5	1,070	0.2
Employment or job-related	985	1.5	2,064	0.6	1,702	0.3
Food and agriculture	382	0.6	648	0.2	627	0.1
Housing and shelter	1,213	1.9	5,961	1.8	17,843	3.5
Public safety	107	0.2	285	0.1	513	0.1
Recreation and sports	556	0.9	1,753	0.5	2,307	0.5
Youth development	997	1.5	1,958	0.6	3,433	0.7
Human services—multipurpose	8,299	12.9	17,318	5.3	20,271	4.0
International	1,701	2.6	2,227	0.7	1,442	0.3
Civil rights	244	0.4	296	0.1	249	—
Community improvement	3,398	5.3	5,160	1.6	7,169	1.4
Philanthropy and volunteerism	110	0.2	119	—	101	—
Science	1,594	2.5	4,884	1.5	6,130	1.2
Social science	228	0.4	348	0.1	623	0.1
Public affairs	901	1.4	2,147	0.7	8,539	1.7
Religion-related	1,638	2.5	6,520	2.0	11,612	2.3
Mutual and membership benefit	153	0.2	454	0.1	2,207	0.4
Unknown or unclassified	4,440	6.9	9,601	3.0	13,559	2.7

Note: Figures are only for organizations that are tax exempt under Section 501(c)(3) of the tax code and are required to file an informational tax return, Form 990, with the Internal Revenue Service. Organizations with revenue under $25,000 and religious groups are not required to file returns. Organizations, including foundations and United Ways, that raise money for or give money to other non-profits have also been excluded to avoid double counting.

* Includes gifts, grants, and contributions from private and government sources.

— Less than 0.1 per cent.

State-by-State Finances of Non-Profits

(Dollar figures in millions)

	Public support*		Annual expenses		Assets	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Alabama	$482	0.7%	$2,432	0.7%	$4,138	0.7%
Alaska	259	0.4	399	0.1	538	0.1
Arizona	607	0.8	3,884	1.1	4,744	0.8
Arkansas	342	0.5	1,525	0.4	2,133	0.3
California	7,854	10.7	40,249	11.3	51,750	8.4
Colorado	818	1.1	4,307	1.2	6,460	1.0
Connecticut	1,118	1.5	6,422	1.8	17,629	2.9
Delaware	156	0.2	844	0.2	2,843	0.5
D.C.	3,051	4.1	7,407	2.1	9,923	1.6
Florida	2,484	3.4	11,813	3.3	19,699	3.2
Georgia	1,739	2.4	5,741	1.6	9,953	1.6
Hawaii	261	0.4	1,093	0.3	2,821	0.5
Idaho	113	0.2	420	0.1	775	0.1
Illinois	3,488	4.7	18,219	5.1	28,533	4.6
Indiana	1,166	1.6	7,024	2.0	11,674	1.9
Iowa	485	0.7	2,509	0.7	4,977	0.8
Kansas	390	0.5	2,327	0.7	4,075	0.7
Kentucky	618	0.8	3,082	0.9	4,631	0.7
Louisiana	429	0.6	2,761	0.8	4,598	0.7
Maine	332	0.5	1,760	0.5	2,607	0.4
Maryland	1,220	1.7	6,153	1.7	14,328	2.3
Massachusetts	4,866	6.6	17,838	5.0	34,013	5.5
Michigan	2,182	2.9	12,994	3.7	16,368	2.6
Minnesota	1,231	1.7	6,213	1.8	9,624	1.6
Mississippi	336	0.5	1,675	0.5	2,337	0.4
Missouri	1,221	1.7	8,598	2.4	13,983	2.3
Montana	124	0.2	789	0.2	1,298	0.2

	Public support*		Annual expenses		Assets	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Nebraska	$326	0.4%	$1,745	0.5%	$4,857	0.8%
Nevada	95	0.1	426	0.1	877	0.1
New Hampshire	338	0.5	1,760	0.5	3,532	0.6
New Jersey	1,759	2.4	9,729	2.7	14,825	2.4
New Mexico	190	0.3	791	0.2	1,326	0.2
New York	11,520	15.7	56,439	15.9	132,046	21.4
North Carolina	1,440	2.0	6,209	1.8	10,801	1.7
North Dakota	100	0.1	1,019	0.3	1,385	0.2
Ohio	2,620	3.6	15,478	4.4	25,373	4.1
Oklahoma	649	0.9	2,522	0.7	5,035	0.8
Oregon	490	0.7	2,176	0.6	3,279	0.5
Pennsylvania	3,787	5.1	24,581	6.9	35,952	5.8
Rhode Island	467	0.6	2,133	0.6	3,210	0.5
South Carolina	472	0.6	2,155	0.6	3,842	0.6
South Dakota	128	0.2	1,035	0.3	2,184	0.4
Tennessee	1,031	1.4	5,155	1.5	8,758	1.4
Texas	3,102	4.2	13,182	3.7	26,478	4.3
Utah	296	0.4	1,374	0.4	1,945	0.3
Vermont	201	0.3	1,093	0.3	1,775	0.3
Virginia	2,261	3.1	8,243	2.3	12,980	2.1
Washington	930	1.3	5,780	1.6	7,616	1.2
West Virginia	280	0.4	1,935	0.5	2,735	0.4
Wisconsin	876	1.2	5,633	1.6	8,630	1.4
Wyoming	156	0.2	232	0.1	396	0.1
U.S. territories	44	0.1	255	0.1	799	0.1
Foreign	2,695	3.7	5,157	1.5	10,836	1.8

Note: Figures are only for organizations that are tax exempt under Section 501(c)(3) of the tax code and are required to file an informational tax return, Form 990, with the Internal Revenue Service. Organizations with revenue under $25,000 and religious groups are not required to file returns.

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OPINION

Commentary and Letters

It's Time to Fight for More Money

LOOKING AT THE RANGE and magnitude of problems confronting the United States, it's easy to become overwhelmed and decide that philanthropy and volunteerism can't possibly do much to resolve them. But instead of giving up in despair, all of us in the non-profit world must think about new ways of deploying charitable resources. To come up with sound strategies, we need to take a close look at the public policies that have caused such dreadful conditions, both for non-profit groups and for the people they serve.

The reason behind our troubles can be boiled down to one word: money.

Although people give over $100-billion each year to good causes, non-profits receive only a small share of the nation's resources. Norman A. Brown, president of the W. K. Kellogg Foundation, which is among the country's five largest philanthropies, recently noted that his institution gives away an amount that is less than the budgets of many big school systems. The amount charities spend each year is equivalent to only 17 per cent of the amount spent by local, state, and national governments.

MY VIEW

Even the most genteel among us must understand that it is not tacky to talk about money—it is essential to the very survival of our society, to any semblance of human decency.

But the money problem is not only about a paucity of charitable resources:

More people have less money. Generally, people who have enough money can avoid most of the problems that charities exist to solve. Accidents, diseases, disasters, and self-destructive behavior will always cause suffering, but with adequate income and government support most people would be able to obtain the basic necessities of life, to partake of arts and culture, to receive good education and reasonable health care, and would not require most of the services that non-profits provide.

When personal income goes up, the need for charitable service decreases. As income goes down, charity becomes necessary, sometimes even essential to sustain life. And real income has been going down for the vast majority of us. Compared to 1980, about 80 per cent of the people in this country have lost economic ground.

This situation has implications far beyond the ability to purchase creature comforts. It means that very real economic hardship is becoming the norm for an increasingly large segment of our population.

Needy people are getting less government aid. Since 1970, the value of welfare benefits has fallen sharply. And because of state budget cuts, fewer of the poor receive such assistance today. In great part because of cuts in federal programs, the shortage of affordable housing has soared over 300 per cent since 1970. Over one-third of the homeless are families.

For those struggling to remain in the middle class, government assistance is also decreasing. The value of their federal student financial aid has fallen dramatically, and unemployment compensation, which more people need to cushion their long searches for new jobs, has been scaled back in scope. The number of people covered by unemployment benefits is lower than at any time since 1955.

The rich keep getting richer. We are now facing the greatest disparity in the distribution of wealth in our nation than at any time since we began to keep such data at the end of World War II. During the past decade, government policy has favored the wealthy at the expense of the rest of us. Tax breaks granted to the wealthiest 10 per cent of the population cost the U.S. Treasury over $90-billion in 1990 alone—money that would otherwise have been available to government to meet domestic needs. Between 1980 and 1990, the top 40 per cent of the population saw their federal taxes decrease (the very wealthiest by close to 15 per cent) and the rest of us paid more (the very poorest by close to 30 per cent).

American corporations are fattening their profits by investing abroad. While some politicians argue that tax breaks are essential to spur the economy forward, create new jobs, and increase our competitiveness internationally, that is not true. The strategy has failed miserably. During the period of these tax breaks, American-based corporations pursued higher profits by creating more new jobs overseas than at home; they moved a greater amount of production offshore than the total amount of our trade deficit.

In great part because of these corporate investment patterns, our trade balance has worsened dramatically; in the last decade our net foreign debt has increased more than sevenfold. The economic downturn has been caused as much by government policies and the practices of U.S.-based corporations as it has been by foreign economic powers.

State and local governments are running short of cash. Between 1980 and 1990 the portion of state and local government expenditures covered by federal dollars decreased by about 30 per cent. That means that municipal and state services also have to be cut, further decreasing the quality of life for all of us and increasing the hardship for the neediest.

GIVEN THOSE FACTS, one might wonder why our elected leaders allowed this situation to occur. How have the wealthy come to benefit so disproportionately at the expense of the rest of us? Why have corporations been allowed to use the cash from domestic tax breaks to increase their profits from foreign operations instead of creating jobs and income at home? How come our elected leaders tend to the interests of the wealthy more than to the majority of Americans in the declining middle class or among the poor?

Again, money is to blame.

Victory in electoral campaigns increasingly depends on the big dollars needed to buy television advertising time. To attract the financing they need, many politicians serve the interests of large campaign contributors first.

Citizen politics, ward organizations, neighborhood campaigns, and other kinds of election strategies that depend on people are less and less important. At least one in every ten U.S. House members receives more than 70 per cent of campaign contributions from political-action committees. And those funds come mainly from wealthy corporations and individuals.

About 12 per cent of our federal elected representatives are themselves millionaires. That is over 30 times the proportion in our population. It becomes pretty easy to understand why federal policy favors the wealthy when we see who successful politicians are and what is important to their re-election.

How would you feel if the government told you that you